

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE

C O N F I D E N T I A L STATE 043554

TOSHU 9

FOL SENT ACTION SECSTATE WASHDC MARCH 8, 1973 FROM EC BRUSSELS
REPEATED TO YOU QUOTE

C O N F I D E N T I A L EC BRUSSELS 1253

NOFORN

E. O. 11652: GDS

TAGS: PFOR, ETRD, EEC, US

SUBJECT: MARCH 5 EC COUNCIL - REPORT ON HIS VISIT TO
WASHINGTON BY SIR CHRISTOPHER SOAMES

REF: EC BRUSSELS 1193

1. AS INDICATED IN REFTL, SIR CHRISTOPHER SOAMES REPORTED TO
THE EC COUNCIL MEETING (FOREIGN MINISTERS) ON MARCH 5 ON THE
TALKS HE HELD WITH US OFFICIALS DURING HIS VISIT TO WASHINGTON
FEBRUARY 14-17. WE HAVE OBTAINED ON A HIGHLY CONFIDENTIAL BASIS
A COPY OF THE TRANSCRIPT OF THE REPORT SOAMES GAVE ORALLY TO
THE COUNCIL IN RESTRICTED SESSION. THE FACT THAT WE HAVE A
COPY OF THE TRANSCRIPT OR THAT WE ARE AWARE OF THE CONTENTS
OF SOAMES' REPORT SHOULD BE TREATED AS NOFORN AND SHOULD NOT
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BE REVEALED.

2. THERE WAS SOME COMMENT FOLLOWING THE SOAMES REPORT (ROME

1814) BUT NO REAL DEBATE OR CONCLUSIONS. WELLENSTEIN, EC COMMISSION DIRECTOR GENERAL FOR EXTERNAL RELATIONS, TOLD US THAT SOME OF THE MINISTERS INDICATED THAT THEIR WON IMPRESSIONS OF THE AMERICAN SITUATION WERE LESS OPTIMISTIC THAN THAT GIVEN BY SOAMES. ANOTHER SOURCE TOLD US THAT SIR ALEC DOUGLAS HOME INDICATED HE AGREED WITH SOAMES.

3. THE FOLLOWING IS A PARAPHRASE OF SOAMES' REPORT. WE ARE POUCHING A COPY OF THE FULL TRANSCRIPT TO EUR/ RPE.

4. SOAMES SAID THAT HE HAD BEEN ANXIOUS TO RAISE TWO SUBJECTS IN WASHINGTON. ONE WAS TO LEARN WHAT ELEMENTS OF EUROPEAN POLICY WERE CAUSING CONCERN TO THE US. THE SECOND WAS TO ATTEMPT TO MEASURE TO WHAT EXTENT THERE WAS REAL POLITICAL WILL TO MOVE FORWARD TOWARDS LIBERALIZATION OF TRADE. REGARDING THE FIRST SUBJECT, SOAMES SAID THAT, NOT SURPRISINGLY, THE AMERICANS WERE MOST CONCERNED OVER TWO ASPECTS OF POLICY - US INABILITY TO EXPORT MORE AGRICULTURAL PRODUCTS AND REVERSE PREFERENCES. SOAMES SAID HE FELT THAT THE US BELIEVES IT WOULD NOT BE PRODUCTIVE TO ASSAULT THE PRINCIPLES OF THE CAP BUT THAT THE US HOPES FOR FUTURE CHANGES IN THE MECHANISMS AND THE MODALITIES WHICH WOULD PROVIDE SCOPE FOR MORE US AGRICULTURAL EXPORTS. THIS WAS OF FUNDAMENTAL IMPORTANCE TO THE US BOTH IN THE ARTICLE XXIV:6 NEGOTIATIONS AND IN THE MULTILATERAL TRADE NEGOTIATIONS.

5. ON REVERSE PREFERENCES, SOAMES REPORTED THAT AMERICAN ANXIETIES WERE BASED ON AN UNNECESSARY FEAR AND HAVE GROWN OUT OF ALL PROPORTION. THERE WAS A CERTAIN UNDERSTANDING IN THE US FOR THE AGREEMENTS WITH THE EFTA NON- APPLICANTS AND THE YAOUNDE CONVENTION AS WELL AS THE OPTION GIVEN THE INDEPENDENT DEVELOPING COMMONWEALTH COUNTRIES. THIS, TO A LESSER EXTENT, WAS ALSO TRUE FOR THE MEDITERRANEAN INsofar AS IT INCLUDED THE MAGHREB. THE AMERICANS FELT THAT ONE THING WAS LEADING TO ANOTHER, THAT FROM HISTORICAL AND ECONOMIC LINKS TO THE MAGHREB, THE COMMUNITY WAS MOVING ON TO LIBYA, EGYPT, ISRAEL, EVEN JORDAN. SOAMES SAID IT WAS HIS DEFINITE IMPRESSION THAT THE AMERICANS GENUINELY WONDER WHETHER THE COMMUNITY IS NOT SETTING OUT TO CREATE A LARGE PREFERENTIAL BLOC WHEREVER IT CAN AND ASK " WHERE IS IT GOING TO STOP." SOAMES TOLD THE MINISTERS THAT HE BELIEVED THE COMMUNITY

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WOULD BE ABLE TO DIMINISH THIS AMERICAN ANXIETY OVER TIME.

6. SOAMES THEN TURNED TO THE QUESTION OF POLITICAL WILL IN THE US TOWARD TRADE LIBERALIZATION. HE REPORTED THAT THERE WAS CONSIDERABLE MALAISE IN THE US AT THIS TIME DUE TO VARIOUS REASONS, VIETNAM, DEVALUATION, THE WORSENING TRADE DEFICIT, AND THE UNACCUSTOMED DEPENDENCE ON OIL IMPORTS, ALL ADDING FUEL TO FEELINGS OF PROTECTIONISM AND ISOLATIONISM. THIS WAS DANGEROUS, SOAMES SAID, AND WOULD REQUIRE CAREFUL HANDLING BY THE US ADMINISTRATION AND BY THE FRIENDS AND PARTNERS OF THE US IN THE OUTSIDE WORLD.

SOAMES REPORTED RECEIVING THE IMPRESION, MADE MORE DEFINITE TH HIGHER UP HE WENT, THAT THE US REALLY INTENDED TO COME TO GATT WITH A VIEW TO HAVING A SATISFACTORY MULTILATERAL ROUND LIBERALIZE TRADE. SOAMES TOLD THE COUNCIL THAT " THE POLITICAL WILL IS THERE", BUT THAT THE MALAISE DOES EXIST, PARTICULARLY IN CONGRESS, AND THAT AS A RESULT, THE ADMINISTRATION FELT THAT A TRADE BILL COULD NOT BE JUST A LIBERALIZING BILL.

7. SOAMES SAID HE RECEIVED THE IMPRESSION THAT IN ORDER FOR THE PRESIDENT TO OBTAIN THE NECESSARY AUTHORITY FOR THE GATT NEGOTIATIONS, HE WOULD HAVE TO ASK CONGRESS FOR A BILL STRIKING BOTH WAYS, LIBERAL AND ILLIBERAL. SOAMES REPORTED THAT HE HAD TOLD THE AMERICANS THAT THERE WERE TWO CHOSES HERE: ONE WAS A FUNDAMENTALLY LIBERLA BILL WITH SOME ILLIBERAL ASPECTS, THE OTHER WAS A BASICALLY ILLIBERAL BILL WITH A FEW LIBERAL ASPECTS, AND THAT THE FORMER WAS WHAT WAS REALLY NEEDED BY THE TRADING PARTNERS OF THE US. THE AMERICANS HOPED THE BILL WOULD BE READY BY EARLY APRIL, AND MOVING THROUGH CONGRESS IN LATE SPRING AND SUMMER. MEANWHILE THE ARTICLE XXIV:6 MEGOTIATIONS WOULD BE TAKING PLACE, AND HERE THE AMERICANS MADE IT QUITE CLEAR THAT THEY WOULD BE LOOKING FOR CONCESSIONS THEY THOUGHT WERE DUE THEM, AND THAT THIS WOULD MAKE A LOT OF DIFFERENCE TO THE ATMOSPHERE IN CONGRESS WHILE THE TRADE BILL WAS GOING THROUGH.

8. THE POINT WAS MADE OFTEN, SOAMES SAID, THAT THE AMERICANS ALSO EXPECTED COMPENSATION FROM THE ARRANGEMENTS WITH THE EFTA NON- APPLICANT COUNTRIES. HE TOLD THEM, HE REPORTED, THAT WHERE ARTICLE XXIV:6 WAS CONCERNED, THE COMMUNITY DID NOT BELIEVE THAT COMPENSATION WAS DUE. THAT WAS THE COMMUNITY POSITION, BUT ON THE OTHER HAND, IF THE AMERICANS CAME UP WITH SPECIFIC PROBLEMS AND CASES, HE HAD TOLD THE AMERICANS THE COMMUNITY WAS BOUND, BOTH BY DUTY AND LAW, TO EXAMINE THEM ON THEIR MERITS. WHERE THE QUESTION CONFIDENTIAL

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OF EFTA WAS CONCERNED, EH REPORTED THAT HE HAD TOLD THE AMERICANS THAT HERE THE COMMUNITY WAS ABSOLUTELY CERTAIN OF ITS LEGAL GROUNDS AND THAT NO COMPENSATION WAS DUE.

9. REVERTING TO THE US TRADE BILL, SOAMES SAID HE THOUGHT THERE WOULD BE A GREAT DEAL OF RHETORIC CONNECTED WITH THE BILL. THE US POSITION IS A VIS THE TRADE NEGOTIATIONS WAS, HE THOUGHT, NOT DISSIMILAR TO THE UK POSITION VIS A VIS ENLARGEMENT NEGOTIATIONS. IN BOTH CASES, THE GOVERNMENT CONCERNED HAD TOW CONSTITUENCIES, ONE AT HOEM AND THE OTHER THE NEGOTIATING PARTNERS. GIVEN MODERN COMMUNICATIONS, ONE CONSTITUENCY OVERHEARS THE OTHER, WHICH WILL BE DIFFICULT. SOAMES SAID HOWEVER THAT HE HAD THE IMPRESSION THAT THERE HAD BEEN AN IMPROVEMENT IN THE GENERAL TONE RECENTLY.

10. SOAMES THEN OUTLINED HIS PLANS TO TRAVEL TO COMMUNITY CAITALS TO DISCUSS THE COMMISSION' S PRELIMINARY PLANS REGARDING

THE MULTILATERAL TRADE NEGOTIATIONS. HE SAID HE HOPED THE COMMISSION COULD PRESENT ITS GENERAL VIEWS, INTO A REQUEST FOR A MANDATE, TO THE COUNCIL IN APRIL GIVING A "VUE D'ENSEMBLE" OF THE TRADE NEGOTIATIONS AND THE GENERAL APPROACH THE COMMISSION WOULD RECOMMEND. SOAMES UNDEDED BY SAYING THAT IN US-EC RELATIONS, WHATEVER HAPPENED, WHATEVER THE RHETORIC, WHATEVER THE US TRADE BILL LOOKED LIKE, "WE SHOULD SOLDIER ON." THE COMMUNITY SHOULD STICK TO ITS TIMETABLE AND DEVELOP A GLOBAL APPROACH TO THE NEGOTIATIONS BY THE END OF SUMMER, HE SAID, AND THIS WOULD BE AN ENCOURAGEMENT TO THE US AND TO THE COMMUNITY'S OTHER TRADING PARTNERS. GREENWALD UNQUOTE ROGERS

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